

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2074 - SB 2359

February 27, 2022

SUMMARY OF BILL: Requires each county election commission to use ballot-marking devices or hand-marked ballots and tabulate the votes using an electronic tabulator or by a hand count for all elections starting in 2024. Allows a county election commission to apply for a two-year extension. Requires the state to share in at least 50 percent of the cost of implementing the provisions of the legislation. Requires the Coordinator of Elections to prescribe security features for paper ballots. Permits poll watchers to observe the counting and processing of ballots within three feet.

FISCAL IMPACT:

Increase State Expenditures –

\$13,857,300/FY22-23

\$8,716,300/FY23-24

\$3,913,200/FY24-25 and Every Two Years Thereafter

\$1,956,600/FY27-28 and Every Four Years Thereafter

Increase Local Expenditures –

\$13,857,300/FY22-23*

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\$3,913,200/FY24-25 and Every Two Years Thereafter*

\$1,956,600/FY27-28 and Every Four Years Thereafter*

Assumptions:

- According to information provided by the Secretary of State's Division of Elections, there are currently 61 counties which do not use voting systems that produce paper ballots.
- The proposed language would require these 61 counties replace their current voting systems with paper ballot voting systems utilizing optical scanners.
- This analysis assumes that each county election commission will make the required changes without requesting an extension.
- There are approximately 4,898 direct recording electronic voting systems in the state which would need to be replaced to comply with the proposed legislation.
- Based on information provided by the Division of Elections, the total cost to purchase and implement the new optical scan voting systems is estimated to be \$41,234,000. The average cost per county is \$675,967 (\$41,234,000 / 61 counties).

- It is assumed that all 61 county election commissions will wait until after the statewide election in November 2022 to purchase new voting systems.
- This analysis assumes that 41 county election commissions will purchase new systems in FY22-23 and 20 county election commissions will change in FY23-24.
- The proposed legislation provides that the state must share in at least 50 percent of the costs to local government to implement the required changes to voting systems.
- A one-time increase in local expenditures in FY22-23 of \$13,857,324 (\$675,967 x 41 counties x 50.0%), and a corresponding increase in state expenditures of \$13,857,324 in FY22-23.
- A one-time increase in local expenditures in FY23-24 of \$6,759,670 (\$675,967 x 20 counties x 50.0%), and a corresponding increase in state expenditures of \$6,759,670 in FY23-24.
- County election commissions will also experience recurring costs for each election cycle, including printing paper ballots, system programming fees, storage containers, poll worker training, and audits.
- According to information provided by the Division of Elections, the cost per election for the 61 counties will be approximately \$3,913,210.
- In FY23-24 and every four years thereafter, there will be a mandatory increase in local expenditures of \$1,956,605 (\$3,913,210 per election cycle x 50.0%) for the Presidential Preference Primary; and a corresponding increase in state expenditures of \$1,956,605 in FY23-24 and every four years thereafter.
- In FY24-25 and every two years thereafter, there will be a mandatory increase in local expenditures of \$3,913,210 (\$3,913,210 per election cycle x 2 election cycles x 50.0%) for the August primary and November general elections; and a corresponding increase in state expenditures of \$3,913,210 in FY24-25 and every two years thereafter.
- A total increase in local expenditures of \$8,716,275 (\$6,759,670 systems + \$1,956,605 elections) in FY23-24; and a corresponding increase in state expenditures of \$8,716,275 in FY23-24.
- Requiring the Coordinator of Elections to prescribe certain security features for paper ballots will not a significant fiscal impact on the Division of the Elections or the SOS.
- Allowing poll watchers to observe and document election procedures within three feet will not have a significant impact on the operations of the SOS or county election commissions.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge



Krista Lee Carsner, Executive Director

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